

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION**

**Call to Order:** By **CHAIRMAN JOHN BRUEGGEMAN**, on January 22, 2003  
at 8 A.M., in Room 317-B Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. John Brueggeman, Chairman (R)  
Sen. Rick Laible, Vice Chairman (R)  
Sen. Gregory D. Barkus (R)  
Sen. Mike Cooney (D)  
Rep. Monica Lindeen (D)  
Rep. John Sinrud (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Matt Bugni, OBPP  
Greg DeWitt, Legislative Branch  
Christi Moyer, OBPP  
Amy Sassano, OBPP  
Misty Shea, Committee Secretary  
Lynn Zanto, Legislative Branch

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed. Tape  
stamps indicate information that is found below.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: None  
Executive Action: Department of Administration

*{Tape: 1; Side: A; Approx. Time Counter: 0 - 10}*

State Tax Appeal Board

Present Law Adjustment

**Motion/Vote:** SEN. LAIBLE moved that DP 3701 PER DIEM AND INDIRECT COSTS--HB2 BE ADOPTED. Motion carried 6-0 by voice vote with REP. LINDEEN voting by proxy.

CHAIRMAN BRUEGGEMAN stated, it had been brought to his attention that motions made the prior day on negative decision packages did not specify if the reductions were to reduce the 2000 base so a global motion would need to be made to state intent.

**Motion/Vote:** REP. SINRUD moved that ALL NEGATIVE DECISION PACKAGES WITHIN THE DEPARTMENT ARE TO OFFSET THE UNSPECIFIED REDUCTIONS TO GET DOWN TO THE GENERAL FUND 2000 BASE BE ADOPTED. Motion carried 6-0 by voice vote with REP. LINDEEN voting by proxy.

SEN. COONEY brought up how yesterday the committee had considered DP 612 transfer and fund FTE in fueling program and a problem had been found with the action taken, they had shifted the funding too far; Marvin Eicholtz, General Services Division Administrator, explained, and provided a solution.

**Motion:** SEN. COONEY moved that THE SUBCOMMITTEE RECONSIDER THEIR ACTION ON DP 612 BE ADOPTED.

**Discussion:**

SEN. BARKUS and Marvin Eicholtz discussed the amount to go into the fueling program for fuel purchases, and the other programs that would get the remaining funding such as natural gas procurement and the pro card. DOA Deputy Director Steve Bender spoke to how the \$1-a-month card fee could be collected.

**Vote:** Motion carried 6-0 by voice vote with REP. LINDEEN voting by proxy.

**Motion:** SEN. COONEY moved that DP 612 BE REDUCED TO MOVE ONLY 0.60 FTE AND 60% OF THE FUNDING TO THE FUELING PROGRAM WITH THE NO GENERAL FUND SUBSIDY CONCEPT RETAINED BE ADOPTED.

It was decided that Greg DeWitt, LFD, would come up with a language to follow the DP that shows the accounting figures.

**Discussion:**

**REP. SINRUD** asked for clarification of the end result, and **Amy Sassano, OBPP**, explained.

**Vote:** Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

(Note: Side A only included these ten minutes)

***{Tape: 1; Side: B; Approx. Time Counter: 1 - 15}***

**Greg DeWitt** provided a handout showing the DOA rates from a historical perspective.

**EXHIBIT(jgh13a01)**

**SEN. BARKUS** asked **Mr. DeWitt** to explain the columns and numbers on the sheet, which he did, and they discussed the new programs added and configurations. **Cathi Muri, Administrative Financial Services Division Administrator**, explained how in the past they allocated costs per program therefore some of the divisions obtained less allocation. She and **SEN. BARKUS** went over the FY2003 numbers.

(Reference Pages A 179-188 of the Budget Analysis book.)

**Motion/Vote:** **SEN. BARKUS** moved TO APPROVE THE RATES FOR LEGAL SERVICES. Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

**Mr. DeWitt** explained to the members exactly what they were doing and he confirmed that the additional programs that were not included before came from the Department of Commerce reorganization.

**Motion:** **SEN. COONEY** moved TO APPROVE THE RATES FOR THE MANAGEMENT SERVICES UNIT.

**Discussion:**

**REP. SINRUD** referred to Page A-181 and questioned the rates shown. **Cathi Muri** stated that she would take a look at that, and **SEN. COONEY** withdrew his motion.

**Motion:** **REP. BRUEGGEMAN** moved TO APPROVE THE NETWORK SUPPORT UNIT RATES.

**Discussion:**

**Mr. DeWitt** clarified the request. He and **REP. SINRUD** discussed the installation of telephone wiring in a home as an example. **REP. SINRUD** and **Cathi Muri** went over computer network people support and related costs within the DOA (Refer to Page A-182). **Steve Bender** clarified that the rates are for services charged only within the agency.

**Vote:** Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

**Motion:** **SEN. LAIBLE** moved TO APPROVE THE WARRANT WRITER PROGRAM RATES.

**Discussion:**

**Cathi Muri** and **Marvin Eicholtz** explained the request to **REP. SINRUD** who had questioned.

**Vote:** Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

**Motion:** **SEN. LAIBLE** moved TO APPROVE THE HUMAN RESOURCES UNIT RATES.

**Discussion:**

**Mr. DeWitt** gave an explanation of the rate request.

**Vote:** Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

*{Tape: 1; Side: B; Approx. Time Counter: 22 - 30}*

**Motion:** **SEN. LAIBLE** moved TO APPROVE THE RATES FOR THE FACILITIES MANAGEMENT BUREAU.

**Discussion:**

**Mr. DeWitt** pointed out that the Table 6A figures on Page A-198 of the Budget Analysis book are not accurate, but the ones shown on Exhibit 1 are. **REP. SINRUD** and **Mr. DeWitt** looked at the bottom of Page A-197 and discussed for further explanation.

**Vote:** Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

**Motion:** SEN. LAIBLE moved TO APPROVE THE MAIL SERVICES SECTION RATES.

**Discussion:**

**Mr. DeWitt** explained the mail services request for rates (Reference Page A-201 of the Budget Analysis book), and he addressed the LFD issues and comments. **SEN. COONEY** stated his concern with the approval of working capital rates by statute. He said the committee has a decision to make, either they approve rates and not working capital, or they recommend to change the statute. He commented that he was not partial to either, his statement was for informational purposes.

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 17}*

**Mr. Bender** discussed how the subject was previously looked at in detail by the Legislative Finance Committee and they did not object to the working capital concept, they left discretion to the various appropriation committees to do what makes the most sense. **SEN. COONEY** said he had spoken to the legislative auditor who had assured him that agencies are put to the test on the rates when audited, which gave him more confidence. **Tony Herbert Deputy CIO Information Technology Services Division (ITSD)** added that the proposed rates are included in the agency budgets so the modification would be through the entire biennium. **SEN. COONEY** stated another option is to approve the maximum rate and let the agency adjust it. He asked **Marvin Eicholtz** to respond, who said they have found a problem with this option also in which he explained. **SEN. COONEY** and **Mr. Bender** discussed possible problems that may arise from the working capital and how they might be addressed without adequate funds. **Marvin Eicholtz** discussed the covering of expenses as dependant on business. He stated he can not raise rates very high as he has to remain competitive. **SEN. COONEY** closed the discussion.

**Vote:** Motion carried 6-0 by voice vote with REP. LINDEEN voting by proxy.

**Motion:** SEN. LAIBLE moved TO APPROVE THE RATES FOR THE PRINT SERVICES SECTION.

**Discussion:**

**Mr. DeWitt** pointed out the LFD issue, explained, and answered a question from SEN. BARKUS (Reference Page A-205 of the Budget Analysis book). **Mr. Eicholtz** spoke to how they bill and obtain

revenue. He said 60-day working capital is the answer due to the need for flexibility in print operations. **REP. SINRUD** and **Mr. Eicholtz** discussed why 60-days is the magic number. **Matt Bugni, OBPP,** and **Cathi Muri** spoke about the stringent federal authority on cost recovery with the rule of thumb being 60-days. **REP. SINRUD** and **Cathi Muri** addressed how there is not a minimum requirement. **SEN. BARKUS** commented that he thought the request was reasonable.

**Vote:** Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

**Motion/Vote:** **SEN. LAIBLE** moved TO APPROVE THE CENTRAL STORES PROGRAM RATES. Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

*{Tape: 2; Side: A; Approx. Time Counter: 17 - 30}*

**REP. SINRUD** and **Mr. Eicholtz** discussed the chart on Page A-209 of the Budget Analysis book and the reductions. **CHAIRMAN BRUEGGEMAN** and **Mr. Eicholtz** revisited past issues and their outcome.

In regard to the fueling program, **CHAIRMAN BRUEGGEMAN** directed **Mr. Eicholtz** to tell what he thinks the rate should be now that the FTE has been split. **Mr. Eicholtz** said the rate was recalculated based on current demand to be 1.25%, and he suggested some flexibility in case demand goes down. **REP. SINRUD** suggested a related calculation and **Mr. DeWitt** and **Mr. Eicholtz** commented. **SEN. LAIBLE** stated he liked the idea of a 45-day working capital concept as mentioned by **Mr. Eicholtz**. After a discussion between himself, **Mr. Eicholtz**, and **REP. SINRUD**, **SEN. LAIBLE** withdrew his original motion to make a new one.

**Motion/Vote:** **SEN. LAIBLE** moved TO APPROVE 45-DAY WORKING CAPITAL AS THE FUELING RATES. Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

**Motion:** **REP. SINRUD** moved TO APPROVE THE RATE FOR THE STATEWIDE PROCUREMENT CARD PROGRAM.

**Discussion:**

**SEN. LAIBLE** had **Mr. Eicholtz** explain what you can buy with the card, what it does, and how much is purchased with it. The intent of the procurement card is to control small purchases.

*{Tape: 2; Side: B; Approx. Time Counter: 2 - 30}*

**SEN. LAIBLE** and **Mr. Eicholtz** continued their discussion about the statewide procurement card that is reviewed by the legislative auditor. **Matt Bugni, OBPP**, added that the agencies can not go over their appropriated authority.

**Vote:** Motion carried 6-0 by voice vote with **REP. LINDEEN** voting by proxy.

Information Technology Services Division

**Motion:** **SEN. BARKUS** moved TO APPROVE THE ITSD RATES.

**Discussion:**

**Mr. DeWitt** brought up the LFD issue (Reference Page A-223) and explained that it is the same discussion with the working capital rates. **REP. SINRUD** had **Brian Wolf, State ITSD CIO**, explain what the personal services are for, professional consulting costs, and travel with respect to SABHRS. **Tony Herbert** discussed the original acquisition of SABHRS and the following ten year period of allocations to recover those dollars. **REP. SINRUD** asked extensive questions about paying for SABHRS and related issues in which **Mr. Herbert** answered. **Amy Sassano, OBPP**, spoke to clarify the recording of SABHRS expenses as previously being in two accounts. She said one account was for the expenditures paid by agencies to pay for the SABHRS bureau, and the other was for paying the debt service to pay for the bond issuance for SABHRS. In current budgets these items are recorded differently. **REP. SINRUD** continued asking questions that were answered by **Brian Wolf, Marvin Eicholtz, and Tony Herbert**. Topics of discussion were maintenance contracts, software programs, mailings, credit card phone calls, education and training costs, local data service, and legal fees. **SEN. BARKUS** asked if ITSD has a recommendation for the SABHRS allocation? **Matt Bugni, OBPP**, stated it is the executive's intent to break out the SABHRS allocations and run the rates under ITSD. The numbers are: for FY04 \$4,651,404 and for FY05 \$4,794,639.

(**REP. LINDEEN** is now present)

**Vote:** Motion carried 6-0 by voice vote.

***{Tape: 3; Side: A; Approx. Time Counter: 0 - 22}***

**Cathi Muri**, explained the original establishment of rates for the Management Services Unit and how they are off \$44,140 from what was given to the LFD.

**Motion/Vote:** SEN. LAIBLE moved TO APPROVE THE RATES FOR THE MANAGEMENT SERVICES UNIT WITH THE ADJUSTMENT OF AN ADDITIONAL \$44,140 BE ADOPTED. Motion carried 6-0 by voice vote.

State Personnel Division

**Motion:** REP. SINRUD moved that THE PROFESSIONAL DEVELOPMENT CENTER RATES BE ADOPTED. (Reference Page A-235 of the Budget Analysis book.)

**Discussion:**

REP. SINRUD alluded to past discussion from the agency overview and asked Administrator John McEwen if some of the offered training sessions could be eliminated. Mr. McEwen explained that most of the classes offered are by request and the classes earn money to support the training effort, if they are not purchased then they are not offered. REP. SINRUD and Mr. McEwen discussed the business of training from each's perspective. DOA Director Darkenwald commented that the program may be off the mark of its potential and he is looking at it to remedy. SEN. BARKUS asked why don't they just take the program down to bottom level now, and Director Darkenwald explained the plans for it. SEN. COONEY made comments from his experience with the trainings in agreement with Director Darkenwald, who added commentary. SEN. LAIBLE addressed the market driven program and costs, he requested a list of the training offerings for informational purposes. Director Darkenwald discussed customer service surveys and their purpose for making changes. SEN. LAIBLE stated he would support approving the rates with the understanding that the DOA would keep the committee members informed about the progress of their intentions. REP. LINDEEN made a suggestion for some language on this so the DOA will have to come back and show a business plan next session, and the agency agreed.

**Motion/Vote:** REP. SINRUD moved that THE PROFESSIONAL DEVELOPMENT CENTER RATES BE AMENDED TO INCLUDE A BUSINESS PLAN WITH MARKET RESEARCH AVAILABLE FOR THE NEXT LEGISLATIVE SESSION. Motion carried 6-0 by voice vote.

*{Tape: 3; Side: A; Approx. Time Counter: 22 - 30}*

(SEN. COONEY was out of the room)

Mr. McEwen referenced the committee to payroll processing on Exhibit 1 and discussed the fees collected and billing.

**Mr. DeWitt** provided an explanation of the rate request for committee understanding.

**Motion:** SEN. LAIBLE moved that THE PAYROLL PROCESSING RATES AS \$435,310 FOR FISCAL 2004 AND \$461,614 FOR FISCAL 2005 BE ADOPTED.

**Discussion:**

REP. SINRUD and Mr. McEwen discussed how the payroll services rates have been adjusted due to being underfunded.

(SEN. COONEY returned)

**Vote:** Motion carried 6-0 by voice vote.

**Motion:** SEN. LAIBLE moved that THE RATES FOR THE STATE RECRUITMENT ADVERTISING BUDGET BE ADOPTED.

**Discussion:**

REP. SINRUD spoke for clarification of intent and Mr. McEwen discussed what was being considered. A handout was provided (Exhibit 2). SEN. BARKUS asked about the role of the state unemployment office. Mr. McEwen explained that they play a large role in recruitment activities. REP. LINDEEN stated she was not sure if the fund is necessary at all. She suggested if instead the agencies could be directed to only include direction to a website in their newspaper job postings. SEN. LAIBLE commented in agreement.

**EXHIBIT**(jgh13a02)

*{Tape: 3; Side: B; Approx. Time Counter: 1 - 15}*

Mr. McEwen stated that the rate would pay for vacancy announcements. SEN. COONEY spoke to clarify the intent of job advertising that was being discussed. Director Darkenwald spoke to his understanding of the idea as proposed to him by John McEwen who found it to be a way to save money. REP. LINDEEN said the original intent was good but possibly done too quickly. She stated the committee has to direct agencies to post their ads as suggested to ensure they do it. Mr. DeWitt and Mr. McEwen discussed rule authority. SEN. LAIBLE spoke to the general concern of directing people to a web page as not everyone may be computer literate. He wanted to make sure the ads also say to go to the job service. Following a discussion between SEN. BARKUS, Mr. McEwen, and Mr. DeWitt it was determined that there is an

error in the Budget Analysis book. On Page A-244 under revenues and expenses, bottom line, where it says general fund, it should say proprietary funded.

**REP. LINDEEN** asked the budget office about the rule authority on directing the agencies to comply. **Matt Bugni, OBPP**, answered that through a directive by the Budget Director compliance would be accomplished. **SEN. COONEY** asked **REP. LINDEEN** what she was trying to do, and she explained. **SEN. LAIBLE** stated before any motion to direct is made that the committee should see some numbers on what the agencies are spending on advertising. **REP. LINDEEN** said that no matter what they were spending it would be less with smaller ads. **Mr. DeWitt** readressed the issue with the wording in the Budget Analysis book, the general fund reference was related to the sentence above for state personnel activity of one hour per week and wasn't an error. **CHAIRMAN BRUEGGEMAN** asked the members for any other comments on what they wanted to do in regard to the motion on the table.

*{Tape: 3; Side: B; Approx. Time Counter: 15 - 30}*

**Substitute Motion:** **REP. LINDEEN** made a substitute motion **TO HAVE A BUDGET OFFICE DIRECTIVE PLACED ON THE AGENCIES ADVERTISING BE ADOPTED.**

**Discussion:**

**SEN. LAIBLE, REP. LINDEEN, OBPP staff, and Director Darkenwald** each spoke from their point of view on the advertising issue. **SEN. LAIBLE** said what was being discussed is just an alternative to try something different. He explained his concerns and what he foresees. **SEN. COONEY** expressed concern over **REP. LINDEEN'S** substitute motion. He wanted to know how much information would be shown in the ads as people do look at the want ads. **SEN. BARKUS** said he thought it was a great idea that should be implemented within the state system and given a trial run. **Director Darkenwald** said that does make sense, but would the agencies do it, and he spoke to what **Mr. McEwen** is trying to do. **Mr. McEwen** stated what they are asking for here is the mechanism to carry out the objective as he can't just do it without appropriated spending.

**SEN. LAIBLE** and **Director Darkenwald** both spoke to clarify what would need to be done, and **Deputy Director Bender** suggested language. **Mr. DeWitt, LFD**, commented that **HB 2** should not be used for substantive law, he recommended a bill request be put in to direct all advertising of positions. **REP. LINDEEN** stated she did

not mean to cause such a discussion and she withdrew her substitute motion in support of a bill draft. **Amy Sassano, OBPP**, made the committee aware that the Governor does not have the authority to tell the legislative and judicial branches how to run their advertising. The members decided it was their will to do a committee bill. **CHAIRMAN BRUEGGEMAN** asked **Mr. DeWitt** to advise them on how to go about it, and **SEN. LAIBLE** made comments on spending. **SEN. BARKUS** and **Director Darkenwald** briefly discussed the plan.

**Motion:** **SEN. LAIBLE** moved TO APPROVE THE RATES FOR THE STATE RECRUITMENT ADVERTISING BUDGET BE AMENDED TO RECOMMEND A COMMITTEE BILL FOR CONSOLIDATION.

*{Tape: 4; Side: A; Approx. Time Counter: 0 - 15}*

**SEN. BARKUS** asked if the bill fails then what happens. **Amy Sassano, OBPP**, explained that the executive would still be able to make executive agencies comply with the intent. **SEN. LAIBLE, CHAIRMAN BRUEGGEMAN**, and **Mr. DeWitt** addressed ideas concerning rate approval. **CHAIRMAN BRUEGGEMAN** asked for a vote.

**Vote:** Motion carried 6-0 by voice vote.

(REP. LINDEEN left the room.)

Risk Management and Tort Defense

**Motion:** **SEN. COONEY** moved TO APPROVE THE RISK MANAGEMENT AND TORT DEFENSE RATES.

**Discussion:**

**REP. SINRUD** explained that he thought the rates should be higher. **Administrator Brett Dahl** indicated to the committee that the division walks a fine line when it comes to funding and he discussed why he felt their current rate proposal was enough. He appreciated the suggestion but the extra money just isn't available. **REP. SINRUD** and **Mr. Dahl** spoke about the cost allocation of agency premiums. **Mr. DeWitt, REP. SINRUD**, and **Mr. Dahl** looked at the divisions numbers on Exhibit 1 and discussed the details of the rate request.

**Vote:** Motion carried 6-0 by voice vote with REP. LINDEEN voting by proxy.

Business concluded with final DOA commentary of thanks.

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND  
TRANSPORTATION

January 22, 2003

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**ADJOURNMENT**

Adjournment: 11:15 A.M.

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REP. JOHN BRUEGGEMAN, Chairman

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MISTY SHEA, Secretary

JB/MS

**EXHIBIT** (jgh13aad)